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IN THE

Supreme Court of the United States

PETRUS A.C.M. NUIJTEN,

Petitioner,

v.

JONATHAN W. DUDAS, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF

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ARGUMENT

Respondent's opposition brief confirms that certiorari is warranted. Respondent does not dispute that the decision below is important and would deny patentability to all signals, no matter how useful and innovative. Respondent makes no attempt to defend the three-part Federal Circuit test below, but instead argues that only an "article" can be a "manufacture." Certiorari should be granted to address whether patentability should be so drastically limited.

For two hundred years, patentable "manufactures" have broadly included "anything" made by man, not just "articles." *See Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980); *American Fruit Growers, Inc. v. Brogdex Co.*, 283 U.S. 1, 11 (1931); Samuel Johnson, *A Dictionary of the English Language* (3d ed. 1768). In particular, this Court upheld the patentability of signals. *O'Reilly v. Morse*, 56 U.S. (15 How.) 62, 86 (1854). Respondent and a 2-1 panel of the Federal Circuit (with three judges dissenting from denial of en banc review) now seek to undo all of that and limit "manufactures" to "articles," or even further to "tangible articles" that are nontransitory and capable of being perceived without special equipment.

Such a far-reaching change in an area as important as patentability standards merits certiorari. *See* Eugene Gressman et al., *Supreme Court Practice* 253 (9th ed. 2007) (certiorari has been

granted "where the decision below is premised upon a prior Supreme Court opinion whose implications are in need of clarification"); *id.* at 287 ("[i]mportance may be found in the Federal Circuit's treatment of patentability standards").

I. The Court Should Grant Certiorari To Reaffirm Its Precedent Regarding The Breadth of Section 101

Respondent makes no attempt to defend the Federal Circuit's three new criteria for patentability announced in the decision below. Rather, Respondent creates a new test for patentability that would also exclude signals: a patentable manufacture must be an "article," which apparently must be composed of matter, not energy. Opp. 9. The Federal Circuit's decision and the Respondent's new test conflict with *Chakrabarty*, *American Fruit*, and *Morse*.

A. *Chakrabarty* And *American Fruit* Define "Manufacture" Broadly To Include Signals

Respondent cannot dispute that *Chakrabarty* held that "[i]n choosing such expansive terms as 'manufacture' and 'composition of matter,' modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." 447 U.S. at 308. The Court explained that Congress "intended statutory subject matter to 'include anything under the sun that is made by

man.'" 447 U.S. at 309 (emphasis added). Plainly, "anything" is not limited to articles, and includes signals. *Chakrabarty* specifically rejected "read[ing] into the patent laws limitations and conditions which the legislature has not expressed." *Id.* at 308.[1]

Respondent nonetheless contends that Petitioner's signal is a "pattern of energy," not an "article" of matter, and thus is not patentable under *American Fruit*. Opp. 9. That turns *American Fruit* on its head.

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[1] Respondent cites a string of inapposite cases. Respondent cites *Parker v. Flook*, 437 U.S. 584, 596 (1978), for the proposition that courts "must proceed cautiously when . . . asked to extend patent rights into areas wholly unforeseen by Congress." Opp. 7. This Court considered and rejected that same argument in *Chakrabarty*. *See* 447 U.S. at 314-15. As *Chakrabarty* explained, "*Flook* did not announce a new principle that inventions in areas not contemplated by Congress when the patent laws were enacted are unpatentable *per se*. To read that concept into *Flook* would frustrate the purposes of the patent law." *Id.* at 315. Respondent also cites Justice Breyer's dissent from the dismissal of the writ in *Laboratory Corp. of America Holdings v. Metabolite Laboratories, Inc.*, 548 U.S. 124, 126 (2006), that the patent system must avoid the dangers of overprotection as well as underprotection. But petitioner cited the same proposition. Pet. 33 (citing Justice Stevens' dissent). Finally, *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 483 (1974), merely states that inventions are not patentable unless they fall within one of the Section 101 categories. A signal is patentable as a "manufacture."

American Fruit adopted two dictionary definitions that together provide the broad meaning of "manufacture": (1) "the production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labor or by machinery;" and (2) "anything made for use from raw or prepared materials." 283 U.S. at 11 (emphasis added). Again, "anything" includes man-made signals. *See* Pet. App. 28a-29a.

American Fruit denied patentability for reasons wholly unrelated to whether a "manufacture" must be an "article." There was no doubt that the borax-treated orange in *American Fruit* was an article. 283 U.S. at 11. The only debate was whether the orange was unpatentable because it was a natural object. Petitioner's signal is not a natural object—it is man-made. Pet. App. 20a.

Respondent nonetheless contends that a manufacture must be an article that contains matter. Opp. 9. Respondent argues that petitioner's signal is no more patentable than "a color, a sound, or any other useful expression of energy." Opp. 8. That argument is a red herring. Particular sounds or colors—like the color red—are unpatentable natural phenomena that are not man-made or novel. For example, every color in the visible spectrum has been known since at least 1667, when Sir Isaac Newton used a prism to split white light into the myriad

colors of the spectrum. 16 *Encyclopedia Britannica* 418-19 (Benton 1973). In contrast, Petitioner's signal is indisputably man-made, novel, and useful. *See* Pet. App. 2a-8a, 19a, and 51a.

Respondent's artificial distinction between patentable matter and unpatentable energy was not contemplated by Congress and is not founded in science. Indeed, Albert Einstein taught us as early as 1905 that matter and energy are interchangeable with his famous equation "$E=mc^2$." 8 *Encyclopedia Britannica* 95, 97 (Benton 1973). As Judge Linn explained in his dissent, "the outer limits of statutory subject matter should not depend on metaphysical distinctions such as those between . . . matter and energy, but rather with the requirements of the patent statute: is an invention a . . . 'manufacture,' . . . and is it 'new' and 'useful'?" Pet. App. 47a.

Respondent tries to justify his proposed definition by torturing the patent marking provision, 35 U.S.C. § 287(a), which requires patentees to label patented articles with the patent number to receive money damages for the period prior to notifying the infringer of the patent. Opp. 11; 35 U.S.C. § 287(a) (2008). Respondent says that because Petitioner's signal cannot be marked, it must not be patentable. But that cannot be true, because this Court has upheld the patentability of a "manufacture"—the bacterium invented by Chakrabarty—that cannot be

marked. The marking provision is a special rule limiting damages for infringement of patented "articles." It has nothing whatsoever to do with redefining the broad patent categories under Section 101.

Respondent's opposition and the debate between the majority of the panel below and the dissenters show that clarification of *Chakrabarty* and *American Fruit* are needed. This Court should grant certiorari to clarify whether these deliberately broad decisions can be used instead to limit sharply the patentability of manufactures now and in the future.

B. *Morse* Specifically Upheld The Patentability Of Signals

Respondent cannot dispute that *Morse* upheld the patentability of a signal itself in claim 5. Even if the Federal Circuit and Respondent disagree with *Morse*, they must follow that decision until it is overruled by this Court. *See, e.g., State Oil Co. v. Khan*, 522 U.S. 3, 20 (1997) ("[I]t is this Court's prerogative alone to overrule one of its precedents."). Accordingly, this Court should grant certiorari to have the benefit of full briefing and argument before it decides whether to reaffirm or overrule *Morse*.

The *Morse* court allowed Samuel Morse to patent his signal itself. Morse's fifth claim was to a "system of signs." *Morse*, 56 U.S. (15 How.) at 86. His very next claim refers to the same system of

signs being recorded "as signals." *Id.* As Judge Linn's dissent explained, Morse's fifth claim is "directed to a signal—a particular way of encoding information so that it can be conveyed . . . in a useful manner at a distance." Pet. App. 51a.

Respondent cannot dispute Morse's claim language. Instead, Respondent argues that "Petitioner's focus on the specific wording of the claims . . . is misplaced" because the importance of claim language in interpreting a patent was not recognized until 1870. Opp. 12 n.5. That is wrong. The Patent Act of 1836 required a patent applicant to "particularly specify and point out the part, improvement, or combination, which he claims as his own invention or discovery." An Act To Promote The Progress Of Useful Arts, And To Repeal All Acts And Parts Of Acts Heretofore Made For That Purpose § 6, 24 Cong. Ch. 357; 5 Stat. 117 (1836); *see also* Karl B. Lutz, *Evolution of the Claims of U.S. Patents*, J. Pat. Off. Soc'y 134, 143 (1938). As early as 1846, one court explained that claim language was important because it allowed persons prosecuted for patent infringement to "know clearly what they are to defend against," and it allowed the Commissioner of Patents and courts to evaluate the invention's novelty. *Hovey v. Stevens*, 12 F. Cas. 615, 618 (C.C.D. Mass. 1846) (No. 6,746) (Woodbury, J., concurring); *see also* Lutz, *supra*, at 144.

This Court knew how to construe claims in 1854, and was certainly aware of the difference between the specification and the claims. Indeed, one rationale for invalidating Morse's eighth claim was that Morse claimed more than he described in his specification: "Yet this claim can derive no aid from the specification filed. It is outside of it, and the patentee claims beyond it." *Morse*, 56 U.S. (15 How.) at 119-20. Justice Grier dissented in *Morse* because he disagreed with the majority's claim construction. *Id.* at 128 ("The other point, in which I cannot concur with the opinion of the majority, arises in the construction of the eighth claim of complainant's first patent, as amended."). Justice Grier also engaged in claim construction in *Corning v. Burden*, another case decided the same term as *Morse*. 56 U.S. 252, 269 (1854) (construing the claim in light of the specification).

Even if Respondent were correct that, in 1854, the patent specification was as important or more important than the claims in construing the patent, that would provide no basis to narrow *Morse*. Morse consistently referred in his specification to his system of signs as the signals themselves. *See* Pet. 17-18 (citing *Morse*, 56 U.S. (15 How.) at 69, 85, 87, and 88).

In *Morse*, Petitioner O'Reilly argued that the fifth claim for the signal, as well as the sixth and eighth claims were unpatentable. *Morse*, 56 U.S.

(15 How.) at 100. The Court agreed that the eighth claim was unpatentable because it covered any use of electromagnetism for printing intelligible signs, characters, or letters at a distance. *Id.* at 112-121. But the Court expressly upheld the validity of the fifth and sixth claims. Whether the Court did so "summarily, without discussion or analysis" (Opp. 12) is irrelevant. This Court upheld the validity of a claim that—according to the claim language, the specification, and the inventor's legal arguments—was for a signal itself.

The Federal Circuit effectively overruled *Morse*. Any such overruling, however, is the exclusive prerogative of this Court after full briefing and consideration. The Court should grant the petition to clarify and confirm the important *Morse* precedent.

II. The Question Presented Is Important

Respondent does not dispute that the Federal Circuit decision denies patents to all signals—no matter how useful or innovative—and has broad practical effects on the patentability of other technologies. Respondent merely presents policy arguments that the Federal Circuit decision was correct. Important issues of patent law with broad practical consequences should be decided by this Court after full briefing, not by a 2-1 panel majority of the Federal Circuit, with three dissents from en banc review. *See* Gressman et al., *supra*, at 123

("The Supreme Court has granted certiorari to review Federal Circuit decisions that have . . . raised important issues of federal law.")

A. The Decision Below Denies Patents To All Signals *Per Se*, No Matter How Innovative and Useful

The decision below renders all signals *per se* unpatentable. *See* Pet. 30-33. Respondent concedes that. Respondent also does not dispute that signals, like Mr. Nuijten's, are often highly innovative and useful. Instead, Respondent argues that signals themselves should not be patentable because "communications *systems* (and processes) that employ digital signals are patentable." Opp. 14. Respondent argues that petitioner received adequate patent protection by receiving claims on the process for creating the signal, a device for performing that process, and a storage medium containing the signal. *Id.*

That makes no sense. Whether petitioner received protection for other facets of his invention is irrelevant, particularly where his invention is the novel signal itself. This Court granted Chakrabarty's claim for his oil-eating bacteria, even though he also received patent protection for a method of producing the bacteria and a storage medium containing the bacteria. 447 U.S. at 305-06 ("an inoculum comprised of a carrier material floating on water, such as straw"). The Patent Act

does not, and should not, limit patentable subject matter because other aspects of an invention are patentable. Further, process, device, and storage medium claims do not adequately protect innovative signals in a distributed network environment. These other claims are vulnerable to geographic problems (infringement outside the U.S.), jurisdictional problems (infringer outside the U.S.), or evidentiary problems (*i.e.*, proving what process or device made a signal is often more difficult than proving what the signal is). *See, e.g.*, Pet. 30-33.

Respondent counters with two policy arguments. First, Respondent argues that signal claims are not necessary in light of 35 U.S.C. § 271(g), which covers "products" made outside the U.S. by patented processes. Section 271(g) is not sufficient for three reasons. First, Respondent's own reasoning that a signal is not an article may likewise preclude signals from being "products" protected under 271(g). Opp. 9-11. Second, Section 271(g) has additional requirements that may preclude protection for signals. *See* 35 U.S.C. § 271(g) (2008) (including whether the product was "materially changed by subsequent processes"). Third, Section 271(g) would apply only to signals that are made by a process that was itself patentable.

Second, Respondent argues that granting the petition would result in a "radical expansion of infringement liability" because there is no "innocent

infringer" exception in patent law as there is in copyright law. Opp. 11. But that is true for all patent claims on all types of inventions. Storage of a downloaded signal could infringe petitioner's storage medium claims whether the download was "innocent" or not, and Respondent concedes that those claims are allowable.

Regardless, these are policy arguments and *Chakrabarty* held that the broad categories of Section 101 cannot be limited based on policy arguments. 447 U.S. at 317 ("The choice we are urged to make is a matter of high policy for resolution within the legislative process after the kind of investigation, examination, and study that legislative bodies can provide and courts cannot."). Instead, Respondent's policy arguments merely confirm the practical importance of this case and thus support certiorari.

B. The Broad Decision Below Affects Inventions Beyond Signals

As Judge Linn noted in his dissent, "[t]his case presents challenging questions that go beyond the single patent claim at issue." Pet. App. 25a. Courts, patent practitioners, and academics have recognized the broad scope and effect of the decision below.

The decision below continues to be the subject of commentary and interest among academics and practitioners because it will reduce patentability

across the invention spectrum. *See, e.g.*, Todd Mattingly et al., *United States: Are All Patents Fleeting?*, Mondaq Business Briefing (Jul. 9, 2008) ("[T]he Federal Circuit's ruling, if upheld, has potentially serious consequences in any number of technological areas. . . . Fortunately, a petition for a writ of certiorari has been filed by Nuijten. Hopefully, the Supreme Court will accept certiorari and once again reverse another decision of the Federal Circuit. Otherwise, all patents may be fleeting . . . .") (emphasis added); 1-1 *Patent Law Perspectives* § 1.1 (Matthew Bender & Co. 2008) ("In . . . *In Re Petrus A.C.M. Nuijten*, the Federal Circuit slipped into error when it refused to give Nuijten claims to physical signals themselves because it believed them to be not statutory. The court thereby limited unfairly the scope of the Nuijten claims to less than what Nuijten had invented."); Raymond T. Nimmer, *Law of Comp. Tech.* § 2:21.10 (April 2008) ("The subject matter debate in judicial venues . . . received an unexpected and potentially significant new angle by the decision of a panel of the Court of Appeals for the Federal Circuit in *In re Nuijten*."); *see also* Pet. 23-24 n.6.

Indeed, a recent district court decision used the broad reasoning of the decision below to invalidate medical testing patent claims that have nothing to do with signals. *Prometheus Labs. v. Mayo Collaborative Servs.*, 2008 U.S. Dist. LEXIS 25062, *27-31 (S.D. Cal. Mar. 28, 2008). The court

invalidated a patent for a medical test on the ground that, under *Nuijten*, "claims do not gain patentability simply because they incorporate something that is 'man-made.'" *Id.* at *30-31 n.8 That decision illustrates the importance and broad effect of the Federal Circuit's *Nuijten* decision.

The broad reach and practical importance of the issue presented provide additional reasons for this Court to grant certiorari.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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